

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
National Exchange Carrier Association, Inc.)	WC Docket No. 12-369
2013 Modification of Average Schedules)	
)	

ORDER

Adopted: May 31, 2013**Released: May 31, 2013**

By the Chief, Pricing Policy Division, Wireline Competition Bureau:

1. On December 21, 2012, the National Exchange Carrier Association, Inc. (NECA) filed proposed modifications to the current average schedule formulas for interstate settlements to be effective from July 1, 2013, to June 30, 2014.¹ NECA filed a further modification on March 8, 2013, to replace the single formula governing average schedule settlements for digital subscriber line (DSL) services with two formulas.² NECA's filings were submitted in accordance with Commission rules that require NECA to submit proposed modifications to the average schedule formulas annually or to certify that no modifications are warranted.³ For the reasons set forth below, we approve the average schedule formulas as proposed by NECA.

2. NECA indicates that there are several major factors driving this proposed modification. Despite slow growth in costs of traditional expenditures, there has been new investment and expenses for deployment of broadband services.⁴ In addition, NECA explains that declining demand for access lines "contributes to increases in average cost per unit amounts reflected in settlement rates."⁵ Overall, NECA estimates that the proposed formula changes would increase settlement rates by approximately 3.36 percent, given constant demand.⁶

3. In the Further Modification Letter, NECA proposes to replace the single formula governing average schedule settlements for digital subscriber line (DSL) services with one designed to compensate average schedule companies for the costs of providing traditional voice-data DSL service, and the other

¹ See National Exchange Carrier Association, 2013 Modification of Average Schedules, *attached to* Letter from Richard A. Askoff, Executive Director—Regulatory, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 12-369 (filed Dec. 21, 2012) (2013 Modification of Average Schedules).

² See Letter from Richard A. Askoff, Executive Director—Regulatory, NECA, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 12-369 (filed Mar. 8, 2013) (Further Modification Letter).

³ 47 C.F.R. § 69.606(b).

⁴ 2013 Modification of Average Schedules at Summary-1.

⁵ *Id.*

⁶ *Id.* at I-6.

to compensate average schedule companies for the costs of providing data-only DSL services.⁷ NECA states that the proposed separate and distinct average schedule formulas for voice-data DSL and data-only DSL service reflect the significant difference in the costs of these services, due primarily to the requirement under current Commission rules to include the cost of loop distribution plant in the data-only DSL service cost.⁸

4. By Public Notice issued February 5, 2013, we sought comment on NECA's December 21, 2012 filing.⁹ No comments were filed.

5. By Public Notice issued March 13, 2013, we sought comment on NECA's March 8, 2013 Further Modification Letter.¹⁰ No comments were filed.

6. We have reviewed the unopposed NECA filing and find that its proposed formulas are reasonable. NECA revised the average schedule formulas using procedures consistent with those used in previous filings.

7. Accordingly, IT IS ORDERED, pursuant to section 69.606(a) of the Commission's rules, 47 C.F.R. § 69.606(b), and pursuant to the authority delegated under sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, that the average schedule formulas proposed by the National Exchange Carrier Association, Inc., on December 21, 2012, and further revised on March 8, 2013, SHALL BECOME EFFECTIVE July 1, 2013, and remain in effect through June 30, 2014.

8. IT IS FURTHER ORDERED that this order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Kalpak S. Gude
Chief, Pricing Policy Division
Wireline Competition Bureau

⁷ Further Modification Letter at Summary A-2.

⁸ *Id.* at A-3.

⁹ *National Exchange Carrier Association, Inc.'s Proposed 2013 Modification of Average Schedule Formulas*, WC Docket No. 12-369, Public Notice, DA 13-155 (Pricing Pol. Div. rel. Feb. 5, 2013).

¹⁰ *National Exchange Carrier Association, Inc.'s Proposed 2013 Modification of Average Schedule Formulas*, WC Docket No. 12-369, Public Notice, DA 13-424 (Pricing Pol. Div. rel. Mar. 13, 2013).